

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-11 NSAE-00 RSC-01

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 JUSE-00

FTC-01 L-03 DRC-01 /138 W
----- 070788

R 051952Z FEB 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2664

INFO USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EFIN OECD

SUBJECT: OECD REVIEW OF INWARD FOREIGN DIRECT INVESTMENT

REF: STATE 20051

1. FOREIGN INVESTMENT REVIEW ACT (FIRA) ESTABLISHING SCREENING AGENCY TO CONTROL FOREIGN TAKEOVERS OF MAJOR CANADIAN BUSINESSES WILL ENTER INTO FORCE DURING FIRST HALF OF 1974. SPECIFIC PROVISIONS AND ANALYSIS FIRA FORWARDED ADDRESSEES IN OTTAWA A-44. ACT MARKS ONLY FEDERAL LEGISLATION DURING PAST YEAR THAT COULD FORM BASIS FOR DIRECT RESTRICTION OF DIRECT INVESTMENT.

2. EMBASSY UNAWARE ANY SPECIFIC CASES REGARDING DIFFICULTIES EXPERIENCED BY U.S. INVESTORS IN CANADA DURING PAST YEAR THAT U.S. EXPERTS SHOULD RAISE WITH CANADIANS DURING INVISIBLES COMMITTEE MEETING. WHILE DISCUSSION OF POSSIBLE EFFECTS OF APPLICATION OF FIRA ON FUTURE OF FOREIGN INVESTMENTS IN CANADA MIGHT BE INSTRUCTIVE, IN ABSENCE PRACTICAL APPLICATION SCREENING PROCEDURES, CANADIANS LIKELY INSIST SUCH DISCUSSION PREMATURE AND HYPOTHETICAL.

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3. FINANCE DEPT. OFFICIAL TOLD EMBOFF THAT HE KNEW OF NO PLANS FOR GOC REPRESENTATION AT MARCH 12 MEETING BUT ADDED THAT IT POSSIBLE OFFICER AT CANADIAN OECD DELEGATION PARIS COULD BE CONSIDERING SITTING IN AS OBSERVER AND HAD NOT YET INFORMED OTTAWA OR REQUESTED INSTRUCTIONS. OFFICIAL SAID THAT CANADA'S GENERAL PROBLEMS WITH CODE STILL ARISE FROM ALREADY-LARGE AMOUNT OF FOREIGN OWNERSHIP IN ECONOMY AND THE FACT THAT ITS CLOSE LINKS WITH THE U.S. CAPITAL MARKET REQUIRE MUCH FLEXIBILITY THAT WOULD BE LOST BY SUBSCRIBING TO THE CODE UNLESS A LONG LIST OF RESERVATIONS THAT HE SAID WOULD BE BAD FOR CANADA'S "IMAGE" WAS MADE PART OF THE SUBSCRIPTION. ALTHOUGH GOC GIVING "ABSOLUTELY NO THOUGHT" TO REVISING POSITION ON CODE AT PRESENT, IT POSSIBLE THAT NEXT YEAR, WITH EXPERIENCE OF APPLYING FIRA IN HAND, CANADIANS MAY BE PREPARED TO BEGIN CONSIDERATION OF SOME FORM OF RELATIONSHIP TO CODE.

4. EMBASSY WOULD APPRECIATE TEXTS OF CODE OF LIBERALIZATION OF CAPITAL MOVEMENTS AND INVISIBLES CODE.
JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVISIBLES (BALANCE OF PAYMENTS), COMMITTEE MEETINGS, INVESTMENT PROGRAMS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Review Exemptions: n/a
Review History: RELEASED <12 APR 2002 by ifshinsr>; APPROVED <03 JUN 2002 by morefirh>
Review Markings:

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EO Systematic Review
30 JUN 2005

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